

SET V
SYBCOM SEM III

Introduction to Management Accounting

DURATION : 3 HOURS

MARKS : 100

**NOTE : - ALL QUESTIONS ARE COMPULSORY CARRYING 20 MARKS EACH.
USE OF SIMPLE CALCULATOR IS ALLOWED.**

Q.1. A) Fill in the blanks with appropriate given options and rewrite complete sentence (any ten). (10)

- 1) Goodwill is an _____ asset.
a) fictitious b) intangible c) tangible d) current
- 2) Operating Ratio is an indication of _____ efficiency.
a) operating b) production c) sales d) none to the above
- 3) _____ is an item of current liability.
a) unsecured loans b) cash balance c) bank overdraft d) bank balance
- 4) The capital required to finance day to day activities of the business is known as _____.
a) fixed capital b) working capital c) proprietor's capital d) none of the above
- 5) Assets which can be converted into cash within one year are _____.
a) fixed assets b) fictitious assets c) current assets d) none of the above
- 6) In Common Size Income Statement Analysis _____ is assumed to be hundred.
a) gross sales b) net profit c) operating profit d) none of the above
- 7) Operating Cost Ratio is a _____.
a) balance sheet ratio b) revenue statement ratio c) composite ratio d) none of the above
- 8) Current Assets ₹ 1,80,000, Current Liabilities ₹ 90,000. The amount of Working Capital is _____.
a) ₹ 90,000 b) ₹ 1,80,000 c) ₹ 2,70,000 d) none of the above
- 9) Comparison of performance of a company over a period of time on the basis of base year is known as _____.
a) cost benefit analysis b) comparative analysis c) Trend analysis d) common size analysis
- 10) To calculate the cash cost of working capital debtors are _____.
a) not considered b) considered at cost c) considered at realizable value d) none of the above
- 11) Capital Budgeting decisions involve decisions relating to _____.
a) financing day to day activities b) acquisition of fixed assets c) net present value d) all of the above
- 12) _____ are the techniques of Capital Budgeting
a) payback period b) accounting rate of return c) net present value d) all of the above

Q.1. B) State whether following statements are true or false after rewriting the same. (any ten) (10)

- 1) Net working capital means total Current Assets.
- 2) The amount of working capital over and above the permanent working capital is temporary working capital.
- 3) Opening cycle = Raw Materials + Work in Progress + Finished goods + Debtors – Creditors.
- 4) Cash flow and accounting profit are different.
- 5) There is a time element involved in Capital Budgeting.
- 6) Capital Budgeting decisions are long term decisions.
- 7) Liquid ratio is used to determine the company's long term solvency.
- 8) A higher debt equity ratio indicates a safer financial position of the company.
- 9) Outsiders contribution is not included in Proprietor's Fund.
- 10) Revenue statement indicates operating performance of a company.
- 11) In Trend Analysis, the trend of each item is calculated on the basis of sales of the base year.

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12) Owners fund and borrowed fund are two constituents of total funds of a company.

Q.2. a) From the following details of Shipla Ltd., prepare a Comparative Balance sheet in vertical form suitable for analysis. **(10)**

M/S A LTD

Particulars	31-03-22 ₹	31-03-23 ₹	Increase/Decrease ₹	Increase/Decrease ₹
Share Capital	6,50,000	?	40,000	?
Reserve and Surplus	2,50,000	2,00,000	?	?
Debentures	1,50,000	?	(50,000)	?
Current Assets	?	3,00,000	40,000	?
Long Term Investment	?	?	10,000	10
Current Liabilities	?	2,00,000	(10,000)	?
Fixed Assets	?	?	?	?

Q.2. b) From the following details of M Ltd., prepare Common Size Statement in Vertical form suitable for analysis. **(10)**

M/s B Ltd. Balances for the year ending on 31st March, 2022

Particulars	₹
Sales	8,33,000
Return Inward	3,000
Carriage Inward	4,150
Purchases	5,39,500
Opening Stock	8,300
Closing Stock	14,940
Office Expenses	99,600
Selling Expenses	1,49,400
Finance Expenses	41,500

OR

Q.2. From the following statements of Y Ltd., prepare the Trend Income Statement in vertical form suitable for analysis. **(20)**

Particulars	31-3-2019 ₹	31-3-2020 ₹	31-3-2021 ₹	31-3-2022 ₹
Sales	75,000	90,000	1,08,000	1,29,600
Less: Cost of Goods Sold	48,000	57,000	69,000	84,000
	27,000	33,000	39,000	45,600
Less: Operating Expenses				
Selling Expenses	7,500	9,000	6,000	12,960
Establishment Expenses	4,500	5,250	10,800	6,750
Interest on Loan	4,500	6,000	7,500	9,000
Depreciation	7,500	6,750	9,000	9,750
Profit Before Tax	3,000	6,000	5,700	7,140
Less: Provision for Income tax	1,200	3,000	2,775	3,600
Profit After Tax	1,800	3,000	2,925	3,540

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Q.3. Following is the Trading, Profit and Loss Account of Zveria Ltd., for the year ended 31st March, 2022: **(20)**

Particulars	₹	Particulars	₹
To Opening Stock	54,300	By Sales	8,00,000
To Purchases	3,27,150	By Closing Stock	44,000
To Carriage Inward	8,550	By Interest on Investments	5,400
To Office Expenses	90,000		
To Sales Expenses	27,000		
To Administration Expenses	12,000		
To Interest	8,000		
To Depreciation on Plant & Machinery	2,000		
To Provision for Income Tax	16,000		
To Loss on Sale of Fixed Assets	2,400		
To Net Profit	3,00,000		
	8,49,400		8,49,400

Calculate the following ratios:

1. Gross Profit Ratio
2. Administrative Ratio
3. Selling & Distribution Expenses Ratio
4. Operating Expenses Ratio
5. Operating Cost Ratio
6. Net Profit Before Tax Ratio
7. Stock Turnover Ratios

OR

Q.3. Following is the Balance Sheet of Z Ltd., 31st March, 2022.

(20)

Liabilities	₹	Assets	₹
Equity Share Capital	3,50,000	Fixed Assets	2,50,000
9% Preference Share Capital	50,000	Investments	50,000
General Reserve	15,000	Stock	75,000
Profit & Loss Account	45,000	Debtors	1,20,000
10% Debentures	50,000	Cash	90,000
Provision for Tax (Current Year)	20,000		
Sundry Creditors	55,000		
	5,85,000		5,85,000

Other details for 2021-22;

- 1) Sales ₹ 6,00,000 (80% on credit sales)
- 2) Profit before tax ₹ 50,000

Calculate the following ratios;

- a) Current Ratio
- b) Capital Gearing Ratio
- c) Debtors Turnover Ratio
- d) Return on Proprietor's Fund
- e) Return on Capital Employed
- f) Stock Working Capital Ratio
- g) Net Profit After Tax Ratio

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Q.4. S Ltd., is considering the purchase of a machine. Two machines Alpha and Gama are available. From the following details calculate; **(20)**

- 1) Pay Back Period 2) Net Present Value @10% discount factor.

Year	Cash inflow ₹		PV @10% (of ₹ 1)
	Machine-Alpha	Machine-Beta	
1	85,000	75,000	0.909
2	87,000	97,000	0.826
3	90,000	1,27,000	0.751
4	92,000	1,48,000	0.683
5	1,00,000	98,000	0.621
6	1,22,000	96,000	0.564
7	1,00,000	90,000	0.513
8	78,000	70,000	0.467
Cost of Machine	₹ 2,88,000	₹ 3,33,000	
Scrap Value	₹ 8,000	₹ 3,000	

Also advise which machine will be selected applying the above methods.

OR

Q.4. R Ltd., has the option of selecting Machine A or Machine B. calculate the annual rate of return on average investment from the following details and advise which machine should be selected. **(20)**

Year	Net Earnings Before Tax ₹	
	Machine A	Machine B
1	1,10,000	1,15,000
2	1,20,000	1,30,000
3	1,50,000	1,55,000
4	2,10,000	2,15,000
5	2,30,000	2,55,000
6	2,40,000	2,85,000
7	2,00,000	2,20,000
Cost of the Machine	₹ 1,85,000	₹ 2,10,000
Scrap Value	₹ 5,000	₹ 10,000
Tax Rate	30%	30%

Q.5. a) States the types of Capital Investment Decision. **(10)**

b) What are the limitations of Financial Statement. **(10)**

OR

Q.5. Write a short note on: (Any Four) **(20)**

- | | |
|--|---|
| <p>a) Explain Over Trading</p> <p>c) Estimating working capital</p> <p>e) Pay – Back Profitability</p> | <p>b) Advantages of Adequate Working Capital</p> <p>d) Types of Cash Flow</p> <p>f) Factors affecting working capital</p> |
|--|---|